

Department of Public Health
and Human Services

Section:
INCOME

FOOD STAMP PROGRAM

Subject:
Educational Income

Supersedes: FS 504-1 (0701/02)

References: 7 CFR 273.5 (a) and (b), 273.11 (d); P.L. 102-325

GENERAL RULE -- Income of a student must be evaluated for earmarking to be used for room/board or dependent care. Educational income is budgeted over the period of time the income is intended to cover. Student income is not budgeted until the first date it is anticipated to be received (the estimated first disbursement date).

Example: A student applies on October 12th. Any income having an estimated disbursement date of September or October is used to determine prospective eligibility for the student for the month of October.

Normally prospective eligibility refers to the calendar month; however, in the case of student income it refers to that calendar month and any previous months of the school term.

Special student eligibility criteria applies only to students in institutions of higher education (FS 201-5). Educational income exclusions outlined in this manual section may be allowed for any student including students not required to meet an exception for special student eligibility criteria (FS 201-5).

EXCLUDED INCOME TITLE IV OR BUREAU OF INDIAN AFFAIRS (BIA)

All student financial assistance funded in whole or in part under Title IV of the Higher Education Act and Bureau of Indian Affairs (BIA) educational income is excluded regardless of earmarking or use; code 'ED' on UNIN.

Even though these funds are excluded, they must be evaluated to determine if any portion is specifically earmarked for dependent care (pages 4- 5).

BIA educational assistance is any educational assistance paid by BIA funds.

Title IV sources include:

1. Pell Grants including Super Pell and Basic Educational Opportunity Grants (BEOG);
2. Supplemental Educational Opportunity Grants (SEOG);

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3. Grants to States for State Student Incentives (SSIG);
4. Special Programs for Students from Disadvantaged Backgrounds (TRIO Grants or Loans);
5. Special Programs for Students Whose Families Are Engaged in Migrant and Seasonal Farm Work including the College Assistance Migrant Program (CAMP);
6. Robert C. Byrd Honors Scholarship Program;
7. Guaranteed Student Loan (GSL), including Family Federal Education Loan Program, PLUS Loans, Supplemental Loans for Students, and Robert T. Stafford Student Loans;
8. Federal Work Study if the funds come under Title IV of the Higher Education Act;
9. Perkins Loans (formerly NDSL, Direct Loans to Students in Institutions of Higher Education). This includes Carl D. Perkins Vocational Education funds;
10. Upward Bound Stipends (includes Student Support Services, Robert E. McNair Post-Baccalaureate Achievement);
11. High School Equivalency Program (HEP); and,
12. National Early Intervention Scholarship and Partnership Program.

**NON-TITLE IV OR
NON-BIA
EDUCATIONAL
INCOME**

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The amount of income specifically earmarked by the grantor or institution to be used solely for room and/or board of non-Title IV and non-BIA educational income is countable unearned income. If the grantor or institution states the income is earmarked for miscellaneous personal expenses but does not expressly identify room and/or board, the income is excluded as miscellaneous personal expenses. Miscellaneous personal expenses incidental to attending school are allowable expenses deducted from the income. Normal living expenses, not incidental to attending school, are not allowable expenses deducted from the income.

Non-Title IV sources include but are not limited to:

1. Veteran's Educational Benefits;
2. Scholarships;

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3. Fellowships (WSF & NDEA stipends);

4. Deferred Payment Loans;

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NOTE: The excess amount of a deferred educational loan after all allowable expenses is countable unearned income.

5. National Defense Loans;

6. Federally Insured Student Loans;

7. Assistanceship used as Work Study; and,

8. Non-Title IV Work Study.

NOTE: Only the portion of work study specifically earmarked by the institution to be used solely for room and/or board is countable; code 'WF' on EAIN. The 20% earned income disregard is calculated by TEAMS.

NOTE: When work study funds are exhausted but the student continues to work, the work study income is wages; code 'WA' on EAIN.

ALLOWABLE EXPENSE DEDUCTIONS FOR DEFERRED LOANS

The amount specifically earmarked to be used solely for room and/or board by the deferred educational loan, is countable unearned income. Loan origination fees and insurance fees are allowable expense deductions.

Repayment on a deferred loan is not required until after the student graduates or the student drops out of school.

Example 1: A student receives a deferred loan for \$1,000, and earmarked funds for room and board total \$1,000 for the school year of nine months. The loan origination fee is \$25 and the insurance fee is \$75. \$900 is considered for the school year. \$900 divided by nine months equals \$100 per month; code 'ED FS' on UNIN.

The fact the funds are earmarked for room and board does not have an effect on the allowable shelter expenses for the case. The income is counted and the shelter expenses are allowed.

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Example 2: A student receives a deferred loan for \$3,000 and earmarked funds for room and board total \$1,000 for the school year of nine months. The loan origination fee is \$25 and the insurance fee is \$75. \$900 is considered for the school year. \$900 divided by nine months equals \$100 per month; code 'ED FS' on UNIN. The income is counted and the shelter expenses are allowed.

The excess \$2,000 is countable unearned income **after all allowable educational expenses such as tuition, books, fees, etc., are deducted.**

DEPENDENT CARE DEDUCTION

If educational income of any kind is earmarked by the funding source to be solely used for dependent care expenses, the dependent care expense is not allowed until the funds are exhausted. All educational income specifically earmarked for dependent care is excluded income, and the expense is not allowed since the funds used are from an excluded source.

Example: A household receives a Title IV grant. \$500 is specifically earmarked for dependent care. The grant is disbursed (received) in September. The one child in the home is under age two. Child care expenses are verified as \$400 per month. No deduction is given in September because earmarked funds are available to pay for dependent care. In October the \$100 in earmarked funds is deducted from the monthly expense. The student is required to use \$300 of non-earmarked funds for child care; code 'DC' on EXPE.

TEAMS allows \$200 as a deduction.

VERIFICATION REQUIRED

Verification of the amounts received from scholarships, deferred loans, or grants may be obtained directly from the financial aid office or agency providing the money. The 'Student Income and Expense Statement', form FA-540, is a tool used to verify student income and expenses. **The student cannot be required to submit the form.** If the student uses the FA-540, it is important the student lists all of their educational income and sign the release statement before submitting the form to be completed by the financial aid office or agency providing the funds.

If the FA-540 is returned and the estimated disbursement date was not completed, the OPA Case Manager should contact the financial aid office or agency providing the funds to ask their best estimate of when some or all of the money from the source will first be available to the student.

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If the FA-540 was completed for the entire school year, the OPA Case Manager does not need to verify with the institution or student at semester/quarter break if any information has changed from the initial FA-540.

The pink copy of the FA-540 is for the records of the financial aid office or the agency providing the funds. The yellow copy is sent to the student, and the white copy is for the case file.

INCOME BUDGETING PROCEDURE

1. Total all excluded financial aid (other than work study); code 'ED' on UNIN.
2. Total all excluded work study financial aid; code 'WS' on EAIN.
3. Total all countable financial aid estimated to be disbursed during the school year.
4. Subtract any earmarked expenses from the countable financial aid.
5. Divide the remaining income by the number of months the income is intended to cover (quarter/semester/school year).
6. Enter the monthly amount.

Work study must be entered on EAIN to allow the 20 % earned income deduction; code 'WF'.

All other countable educational income; code 'ED FS' on UNIN.

Prorate the amount of countable educational income minus allowable expenses over the period it is intended to cover. The income is counted the first month the income is anticipated to be received (disbursed). Food stamp benefits are not recouped for past months that the funds were intended to cover.

Example: A student reports countable educational income of \$1,000 was received in October for the period of September through December. The \$1,000 is divided over the four month period, \$250 per month. The \$250 is disregarded for September and October because the months already elapsed. The \$250 per month is used prospectively to calculate benefits for November and December.

7. Document in case notes all educational income in detail. The note must indicate the source of the income and why it is excluded or

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countable. If countable, the note must detail how the monthly amount was determined.

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